

Message Text

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ORIGIN ARA-20

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TO AMEMBASSY BOGOTA

C O N F I D E N T I A L STATE 184540

E.O. 11652: GDS

TAGS: EMIN, CO

SUBJECT: INTERNATIONAL MINING COMPANY

REF: STATE 173416

1. IN TELEPHONE CONVERSATION SEPTEMBER 14 WITH LITTLE, O'NEILL EXPRESSED OPTIMISM RESPECTING PROSPECTS FOR RESOLUTION IMCO PROBLEMS IN COLOMBIA. INTERMEDIARY HAS PRESENTED NEW PROPOSAL TO GOC WHICH COMPANY WOULD ACCEPT AND WHICH PASTRANA IS NOW STUDYING.

2. O'NEILL OPENED CONVERSATION BY SAYING THAT "SOME PROGRESS" IS BEING MADE AND ASCRIBED AT LEAST PART OF THE CREDIT TO AMBASSADOR BOTERO IN WASHINGTON AND TO COLOMBIAN AMBASSADOR IN OTTAWA, BOTH OF WHOM HAVE EXPRESSED TO PASTRANA AND KEY MINISTERS OPPOSITION TO EXPROPRIATION. JORGE MEJIA SALAZAR, PRESIDENT OF BANK OF BOGOTA, HAS BEEN ACTING AS LEADER OF AN INTERESTED PRIVATE GROUP AND A INTERMEDIARY WITH GOC. PRIETO, PRESIDENT OF ANDI, HAS ALSO BEEN ACTIVE. MEJIA PRESENTED A NEW PROPOSAL LAST WEEK TO MINISTER OF MINES WHO, IN TURN, HAS DISCUSSED IT WITH PASTRANA, WHO IS CONSIDERING IT. MEJIA IS CONFIDENTIAL

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TRAVELING OUT OF COLOMBIA AND, ACCORDING TO O'NEILL, WILL

DISCUSS THE SPECIFICS OF THE PROPOSAL FURTHER WITH IMCO
OFFICIALS IN NEW YORK IN A WEEK OR TEN DAYS.

3. O'NEILL SAID THAT THE PROPOSAL PRESENTED TO GOC WITH RESPECT TO CHOCO AND FRONTINO WAS THE SAME AS THAT PREVIOUSLY DISCUSSED. SPECIFICALLY, GOC WOULD ASSUME A 51 PERCENT INTEREST AND IMCO, IN RETURN, WILL GET ACCESS TO ALL PROPERTIES NEEDED FOR FURTHER MINING OPERATIONS AS WELL AS BEING ACCORDED FULL REMITTANCE OF PROFITS. THE PLAN ALSO INCLUDES A PROPOSAL RESPECTING PATO, WHICH IS THE NEW ELEMENT. THE GOVERNMENT, ACCORDING TO THIS ARRANGEMENT, WOULD PRESENT TO THE CONGRESS OR THROUGH SPECIFIC CONGRESSMEN, A BILL WHICH WOULD BE IN LIEU OF THE PENDING LEGISLATION RESPECTING EXPROPRIATION OR AS AN AMENDMENT TO IT, AUTHORIZING THE GOVERNMENT TO NEGOTIATE WITH THE COMPANIES FOR "EVENTUAL NATIONALIZATION". ACCORDING TO THIS PLAN, THE GOVERNMENT WOULD GET 20 PERCENT OF PATO; THE PRIVATE GROUP WOULD ASSUME 40 PERCENT OF CONTROL, LEAVING 40 PERCENT TO IMCO. IN EXCHANGE FOR ITS 20 PERCENT SHARE, THE GOVERNMENT WOULD MAKE AVAILABLE ADDITIONAL AREAS NEEDED FOR MINING OPERATIONS AND WOULD MAKE FAVORABLE ARRANGEMENTS REGARDING REMITTANCE OF PROFITS. RUSH

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